

18/11/2020

Code No. 12032

**FACULTY OF MANAGEMENT**

**M.B.A. I – Semester (CBCS) Examination, November 2020**

**Subject: Accounting for Management**

**Paper – MB – 102**

**Time: 2 Hours**

**Max.Marks: 80**

**PART – A**

**Note: Answer any four questions.**

**(4x5 = 20 Marks)**

- 1 What is Double Entry System? What are its advantages?
- 2 What is the purpose of preparation of Financial Statements?
- 3 Explain the meaning and objectives of trial balance?
- 4 State the uses of cash flow statement?
- 5 Explain the meaning and importance of cost volume profit analysis?

**PART – B**

**Note: Answer any four questions.**

**(4x15 = 60 Marks)**

6. Briefly explain different accounting concepts and conventions.
7. Journalise the following transactions and prepare Ledger Account.

			Rs.	
2000	Jan.	1	Commenced Business with cash	1,50,000
		5	Purchased furniture for cash	5,000
		8	Bought goods on cash	15,000
		10	Bought goods on credit from Brown	20,000
		12	Sold goods for cash	25,000
		15	Sold goods on credit to Madhavan	15,000
		18	Bought goods on credit from Kannan	30,000
		20	Sold goods on credit to Rahul	20,000
		25	Paid cash to Brown	15,000
		30	Salaries paid	4,000

8. Describe the steps involved in the preparation of financial statements of a firm.
9. Machinery was purchased on 1-1-2000 for Rs. 40,000. On 30<sup>th</sup> June, another second hand machine was purchased for Rs. 15,000 and Rs. 5,000 spent for repairs. On 30<sup>th</sup> June 2001, the second hand machine was sold for Rs. 15,000. Prepare machinery account after allowing depreciation of 10% p.a. on the written down value.
10. What are the different techniques used to analysis and interpretation of financial statement?

11. From the following information, you are required to prepare Balance Sheet.

- |  |            |
|--|------------|
| a) Current ratio   | 1.75       |
| b) Liquid ratio  | 1.25       |
| c) Stock turnover ratio (cost of sales/closing stock)      | 9          |
| d) Gross profit ratio                                      | 25%        |
| e) Debt collection period                                  | 1.5 months |
| f) Reserves and surplus to capital                         | 0.2        |
| g) Fixed asset turnover ratio (cost of sales)              | 1.2        |
| h) Capital gearing ratio (Long term debt to share capital) | 0.6        |
| i) Fixed asset to net worth                                | 1.25       |
| j) Sales   | Rs. 12,000 |

12. What are the implications of a balanced score card on a budgetary system?

13. Balance Sheets of M/S Black and White as on 1<sup>st</sup> Jan. 2001 and 31<sup>st</sup> Dec. 2001.

Liabilities	1.1.2001 Rs.	31.12.2001 Rs.	Assets	1.1.2001 Rs.	31.12.2001 Rs.
Creditors	40,000	44,000	Cash	10,000	7,000
Whites' loan	25,000	--	Debtors Stock	30,000	50,000
Loan from Bank	40,000	50,000	Machinery	80,000	55,000
Capital	1,25,000	1,53,000	Land Buildings	40,000	50,000
				35,000	60,000
	2,30,000	2,47,000		2,30,000	2,47,000

During the year machine costing Rs. 10,000 (accumulated depreciation Rs. 3,000) was sold for Rs. 5,000. The provision for depreciation against machinery as on 1<sup>st</sup> Jan. 2001 was Rs. 25,000 and on 31<sup>st</sup> Dec. 2001 Rs. 40,000. Net profit for the year 2001 amounted to Rs. 45,000. Prepare cash flow statement.

14. What do you understand by the term 'Break Even Analysis'? Enumerate its merits and demerits.

15. The sales and profit for 2016 and 2017 are as follows:

Year	Sales	Profit
2016	1,50,000	20,000
2017	1,70,000	25,000

Find out:

- P/V Ratio
- BEP
- Sales for a profit of Rs. 40,000
- Profit for sales of Rs. 2,50,000 and
- MOS at a profit of Rs. 50,000.

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